

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
Minutes of the 156th Audit and Finance Committee Meeting
Held on April 29, 2024

Pursuant to a notice and agenda dated April 16, 2024, a copy of which is annexed hereto, the one hundred fifty-sixth (156th) meeting of the Audit and Finance Committee (the “Committee”) of the NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY (the “Authority”) was convened at 10:00 a.m. on Monday, April 29, 2024 at the NY Green Bank (“NYGB”) Office located at 1333 Broadway, Suite 300, New York, New York and the Authority’s Albany Office located at 17 Columbia Circle, Albany, New York. The two locations were connected by videoconference.

The following Members of the Committee were present:

Jay Koh, *Committee Chair* attended from NYGB

Richard Kauffman, *Chair of the Authority* attended from NYGB

Sherburne Abbott attended from NYGB

Member Sadie McKeown was unable to attend.

Also present were Doreen Harris, President and CEO; John Williams, Executive Vice President for Policy and Regulatory Affairs; Peter J. Costello, General Counsel and Secretary to the Authority; Pam Poisson, Chief Financial Officer; Anthony J. Fiore, Chief Program Officer; Sara LeCain, Senior Counsel and Secretary to the Committee; Dean Geesler, Jennifer Roberts, and LisaMarie Pagliaro from KPMG, LLP; and various other staff of the Authority.

Committee Chair Koh called the meeting to order and noted the presence of a quorum. Notice of this meeting was provided to the Committee Members on April 16, 2024 and to the press on April 17, 2024.

Committee Chair Koh indicated that the first item on the agenda concerned the approval of the minutes of the one hundred fifty-fifth (155th) meeting held on January 24, 2024.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members present, the minutes of the one hundred fifty-fifth (155th) meeting held on January 24, 2024, were approved.

Committee Chair Koh indicated that the next item on the agenda was the Annual Internal Audit Report and the Internal Audit Plan for 2024-2025. This item was presented by the Director of Internal Audit, Mary Peck.

Director Peck began by stating that the Committee was being asked to approve the Internal Audit Plan for the Fiscal Year 2024-2025.

Next, Director Peck provided the Committee with the Annual Internal Audit Report, which included updates regarding the audit of the New York Green Bank's ("NYGB") Anti-Money Laundering Policy Monitoring, the Internal Control Assessment, the audit of System Access for NEIS, and the audit of Large-Scale Renewables – 2022 Renewable Energy Standard ("RES") and Offshore Wind and Renewable Energy Credits ("OREC") programs.

Lastly, Director Peck outlined the Internal Audit Plan for Fiscal Year 2024-2025, which includes working with management on completing both consulting activities and audits. As required by the Internal Audit Standards, Director Peck made an annual statement of independence.

In response to an inquiry from Chair Kauffman, Director Peck stated that the consulting projects in the Internal Audit Plan are developed in coordination with management, and noted that the increased number of consultation projects in the coming year are the result of an external audit.

In response to an inquiry from Chair Kauffman, Director Peck explained that having a formal anti-money laundering ("AML") policy puts NYGB and the Authority in the business of addressing very specific requirements. NYGB has incorporated many of the AML practices into its processes. This step now formally establishes an AML Policy.

In response to a suggestion from Committee Chair Koh, Director Peck confirmed that she has two certifications specific to AML and is required to keep abreast of changes to AML practices.

In response to an inquiry from Committee Chair Koh, Director Peck explained that NEIS has broad user categories. Director Peck further explained that NEIS is an outdated system that the Authority is closely monitoring for issues while it works to develop a new financial system.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members present, the following resolution was adopted.

Resolution No. 502

RESOLVED, that the Audit and Finance Committee approves the Internal Audit Plan for Fiscal Year 2024-2025, as presented at this April 29, 2024 meeting, in the form submitted to the Committee.

Committee Chair Koh Indicated that the next item on the agenda was consideration of the issuance of bonds to finance the Green Jobs-Green New York (“GJGNY”) Loan Program. CFO Poisson indicated that the Committee was being asked to consider the issuance of bonds in the next year in an amount not to exceed \$50 million to support residential energy efficiency and clean energy through the GJGNY Loan Program. The bonds would require the approval of the Public Authorities Control Board, the Office of the State Comptroller and the New York State Department of Taxation and Finance. The proposed financing would take place sometime before April 29, 2025.

In response to an inquiry from Chair Kauffman, CFO Poisson indicated that the Authority is looking at various mechanisms to manage liquidity to ensure that it gets the desired advance rate.

In response to an inquiry from Committee Chair Koh, CFO Poisson stated that she would follow-up with information regarding the potential pricing.

In response to an inquiry from Chair Kauffman, CFO Poisson explained that there are two structural changes in this issuance that the Authority is considering. First, whether it makes sense to continue to include on-bill recovery (“OBR”) loans. Second, whether to expand the marketing of the issuance to high net-worth individuals.

In response to an inquiry from Chair Kauffman, CFO Poisson indicated that it is anticipated the advance rate will be the same or slightly lower as in the past.

In response to an inquiry from Chair Kauffman, CFO Poisson explained that most of the underlying loans that provide the cashflow on the bonds have an interest rate in the 3.5%-4% range. To get the credit rating and interest rate hoped for, the bonds will necessarily have to be over-collateralized.

In response to an inquiry from Chair Kauffman, there was a discussion about the relative value of continuing to seek the green bond certification. Staff indicated it is still worth doing and the Committee was satisfied with that response.

In response to an inquiry from Committee Chair Koh, CFO Poisson stated that in the last issuance the maximum underlying coupon rate was approximately 6.99% and the Authority’s maximum bond interest rate permitted was 7%. Staff propose allowing a bond interest rate of no more than 7.5% in light of market conditions.

In response to an inquiry from Chair Kauffman, CFO Poisson confirmed that the Authority generally requests the authority to issue bonds within one year of the Members’s approval. In addition, General Counsel Costello explained that over time there could be volatility and that the one-year time would protect NYSERDA against any potential volatility.

In response to an inquiry from Committee Chair Koh, Senior Counsel LeCain explained that other authorities have included limits with similar timeframes.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members present, the following resolution was adopted.

Resolution No. 503

RESOLVED, that the Audit and Finance Committee recommends that the Board approve a resolution in substantially the same form as attached hereto as Exhibit A.

Committee Chair Koh indicated that the next item on the agenda was a presentation from the Authority's independent auditors, KPMG, LLP ("KPMG"), on the audit of the Authority's and NYGB's financial statements, and the Authority's OPEB Trust for the Fiscal Year 2023-2024. Lead Audit Partner Dean Geesler provided the Committee with an overview of the planned audit and stated that the audit would follow current best practices and be conducted in accordance with the Governmental Accounting Standards Board ("GASB") policies and requirements.

In response to an inquiry from Chair Kauffman, Lead Audit Partner Geesler stated that the Authority is not required to do anything regarding Artificial Intelligence (AI) with respect to KPMG's audit process, and explained that KPMG is developing their own tools and obtaining licenses that allow them to use AI tools to perform research.

In response to an inquiry from Committee Chair Koh, Lead Audit Partner Geesler stated that KPMG has an internal group that assists in auditing clients depending on restrictions and goals of an engagement and indicated that follow up would be provided regarding how other entities are approaching AI.

In response to an inquiry from Committee Chair Koh about the valuations for NYGB loans, Lead Audit Partner Geesler confirmed that the Authority does not adjust the loans' recorded value in advance of actual changes in economic value.

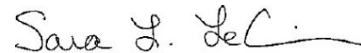
In response to an inquiry from Committee Chair Koh, Lead Audit Partner Geesler confirmed that the Authority's practice regarding loan valuations is in accordance with the system recommendation and is reviewed annually with NYGB.

In response to an inquiry from Committee Chair Koh, Lead Audit Partner Geesler explained that if there are any cybersecurity issues they will be included in KPMG's final report.

Committee Chair Koh indicated that the last item on the agenda was other business. There being no other business, Committee Chair Koh called for a motion to adjourn.

Whereafter, upon motion duly made and seconded, and by unanimous voice vote of the Committee Members, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sara L. LeCain".

Sara L. LeCain
Secretary to the Committee

Exhibit A

Resolution No. _____

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9 of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Act”), the New York State Energy Research and Development Authority (the “Authority”) has been established as a body corporate and politic, constituting a public benefit corporation; and

WHEREAS, pursuant to the Act, the Authority is authorized to issue bonds and notes to provide sufficient moneys for achieving the Authority’s corporate purposes, including the establishment of reserves to secure the bonds and notes and the payment of interest on bonds and notes; and

WHEREAS, pursuant to the Act, the Authority is also empowered to extend credit and make loans from bond proceeds to any person for the construction, acquisition, installation of, or for the reimbursement to any person for costs in connection with, any special energy project, including, but not limited to, any land, works, system, building, or other improvement, and all real and personal properties of any nature or any interest in any of them which are suitable for or related to the furnishing, generation, production, transmission, or distribution of energy or energy resources; and

WHEREAS, pursuant to special act of the Legislature of the State of New York (Title 9-A of Article 8 of the Public Authorities Law of New York, as from time to time amended and supplemented, herein called the “Green Jobs – Green New York Program”), the Authority has been authorized to use innovative financing mechanisms to finance energy efficiency improvements and technologies eligible for net metering through energy cost savings; and

WHEREAS, the Authority will issue bonds in one or more series not later than April 29, 2025, in an aggregate principal amount not to exceed \$50,000,000 to be designated “Residential Clean Energy and Energy Efficiency Financing Green Revenue Bonds, Series 2024A” (the “Bonds”) and with such additional or different designations as may be set forth in the Indenture (hereinafter defined) for the purpose of financing loans through the Green Jobs – Green New York Program for the installation of residential energy efficiency measures, photovoltaic (“PV”) systems, air source heat pumps (“ASHP”) or ground source heat pumps (“GSHP”), (collectively “Loans”); and

WHEREAS, the Bonds are to be issued pursuant to an Indenture of Trust (the “Indenture”), between the Authority and The Bank of New York Mellon, as trustee (the “Trustee”), pursuant to which the Authority will pledge principal and interest payments on, and prepayments of, Loans as security for the Bonds and

WHEREAS, the Authority has entered into an agreement with Slipstream Group Incorporated d/b/a Energy Finance Solutions, a not-for-profit corporation, to serve as a loan originator under the Green Jobs – Green New York Program; and

WHEREAS, the Authority has entered into an agreement with Concord Servicing Corporation who will act as the loan servicer and will be the custodian of the original promissory notes for the Loans issued under the Green Jobs – Green New York Program; and

WHEREAS, the proceeds of the Bonds will be used to reimburse the Green Jobs-Green New York Program revolving loan fund for Loans heretofore originated and outstanding and to provide funding for new Loans originated and to be originated thereafter; and

WHEREAS, Ramirez & Co., Inc., acting as underwriter (the "Underwriter"), pursuant to the terms of a Bond Purchase Agreement among the Authority and the Underwriter (the "Purchase Contract"), propose to purchase the Bonds from the Authority and offer the Bonds to the public pursuant to the terms of such Purchase Contract; and

WHEREAS, it is expected that the Bonds will be offered by the Underwriter pursuant to a Preliminary Official Statement, as may be approved by an Authorized Representative (hereinafter referred to) of the Authority and an Official Statement to be approved by an Authorized Representative; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY AS FOLLOWS:

Section 1. The offering, issuance, sale, and delivery of the Bonds upon the terms and conditions and for the purposes described in this resolution are hereby authorized. The Bonds shall be issued in one or more series in an aggregate principal amount not to exceed \$50,000,000 and shall bear interest at rates determined by the Chair, the Vice Chair, the President and CEO, the Chief Financial Officer, the Executive Vice President, the Chief Program Officer, or the Secretary of the Authority (collectively, the "Authorized Representatives"). The Bonds shall bear interest at a weighted average fixed rate of interest not to exceed 7.5%. The Bonds shall mature no later than twenty years after the date of issuance. The Bonds shall be dated, have the final maturity, have the designation or designations, be subject to redemption, be payable as to principal, premium, if any, and interest, and have such other provisions all as set forth in the Indenture. The form of the Bonds and all other provisions with respect thereto shall be as set forth in the Indenture or determined in the manner set forth therein. No Bonds shall be issued pursuant to this resolution after April 29, 2025. Any bonds issued under this Resolution must have upon issuance a rating of A or higher, as assigned by a nationally recognized statistical rating organization.

Section 2. Subject to the limitations set forth in Section 1 hereof, the Authorized Representatives are each hereby authorized to determine on behalf of the Authority with respect to the Bonds: the aggregate principal amount, the interest rates the Bonds shall bear and the particular redemption and purchase provisions of the Bonds. Any such determination shall be conclusively evidenced by the execution and delivery by an Authorized Representative of an indenture or other document setting forth such determination.

Section 3. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver the Indenture as such Authorized Representative shall approve.

Execution of such documents by an Authorized Representative shall be conclusive evidence of any approval required by this Section. The Authorized Representatives are also authorized to secure a second party opinion that the Bonds meet the Green Bond Principles as set by International Capital Market Association and to execute any agreement required in order to secure such opinion. The Authorized Representatives are each further authorized to obtain bond insurance or other credit enhancement for the Bonds to the extent that such Authorized Representative determines that such credit enhancement would facilitate the sale of the bonds on a cost effective basis or lower the debt service on the Bonds and to enter into agreements with the providers of such credit enhancement.

Section 4. The Authority authorizes each Authorized Representative to enter into the Purchase Contract. The Authorized Representatives of the Authority are each hereby authorized to determine the purchase price of the Bonds and are further authorized to execute, acknowledge, and deliver the Purchase Contract as may be approved by any such Authorized Representative. The execution of a Purchase Contract by any Authorized Representative shall be conclusive evidence of any determination or approval required or authorized by this Section. The purchase price to the Underwriters of the Bonds shall not be less than 97% of the principal thereof. In no event shall the compensation paid to the Underwriter in connection with the initial offering of the Bonds exceed 1% of the principal amount thereof whether such compensation is paid directly by the Authority or in the form of discount to the Underwriters. As an alternative to the execution of the Purchase Contract, the Authorized Representatives are authorized to execute a private placement agreement with a third party purchaser, with Ramirez & Co., Inc. acting as placement agent, should such a method of sale for the Bonds be determined by the Authorized Representatives to be a superior method of selling the Bonds.

Section 5. The Authority authorizes the Authorized Representatives to approve the Preliminary Official Statement and the Authority approves the use in accordance with the applicable legal requirements of one or more Preliminary Official Statements and Official Statements in connection with the offering and sale of the Bonds by the Underwriter, as may be approved by an Authorized Representative. Any Authorized Representative of the Authority is hereby authorized and directed to execute the final Official Statements in the name and on behalf of the Authority, and thereupon cause such final Official Statements to be delivered to the Underwriters. Any such approval shall be conclusively evidenced by such Authorized Representative's execution and delivery thereof. The Authorized Representatives are hereby authorized to provide any appropriate disclosure as part of the Preliminary Official Statements and Official Statements, including but not limited to the use of the Authority's financial statements. The foregoing approvals shall not be deemed to constitute an acknowledgment by the Authority of any responsibility for information contained therein which has been furnished by the Underwriters, The Depository Trust Company, or any other party. In the event that the Authorized Representatives determine that a sale of the Bonds through a private placement is a superior method of sale, the Authorized Representatives are hereby authorized to use a placement memorandum to facilitate such a sale, in accordance with the disclosure requirements outlined in this section for preliminary official statements and official statements.

Section 6. Slipstream Group Incorporated d/b/a Energy Finance Solutions has been authorized to serve as loan originator for the pledged loans. Concord Servicing Corporation has

been authorized to serve as loan servicer for the pledged loans and Vervent Inc. has been authorized to serve as backup loan servicer for Loans pledged to all bond series issued prior to Series 2023A Bonds. Carmel Solutions LLC has been authorized to serve as back up loan servicer for all other portfolio loans. The Authorized Representative are hereby authorized to enter into any other agreements, documents, or amendments to existing agreements relating to the origination and servicing of the loans as necessary. The Authorized Representatives are hereby authorized to approve the appointment of a successor loan originator, loan servicer and backup loan servicer for the pledged loans as necessary.

Section 7. The Authorized Representatives are each hereby authorized to execute, acknowledge, and deliver any other agreements, documents, or certificates, including certificates confirming on behalf of the Authority the accuracy and completeness of information relating to the Bonds, the Authority, the Loans and the Green Jobs – Green New York Program, and to do and cause to be done any such other acts and things and to make such other changes, omissions, insertions, revisions, or amendments to the documents referred to in Sections 1 through 6 of this resolution as they may determine necessary or proper for carrying out, giving effect to, and consummating the transactions contemplated by this resolution. Execution of such documents by an Authorized Representative shall be conclusive evidence of any approval required by this Section. Any Authorized Representative, the Assistant Treasurer, and the Acting Secretary of the Authority are each hereby authorized to affix the seal of the Authority on such documents and attest the same.

Section 8. The Bonds shall not be general obligations of the Authority, and shall not constitute an indebtedness of or a charge against the general credit of the Authority. The Bonds will not constitute a debt of the State of New York and the State of New York will not be liable thereon. No owner of the Bonds will have any right to demand payment of the principal and interest on the Bonds out of any funds to be raised by taxation. As shall be more particularly set forth in the Indenture and the Bonds, the liability of the Authority under the Bonds shall be enforceable only to the extent provided in the Indenture, and the Bonds shall be payable solely from the revenues and other funds pledged and available for the payment of the Bonds under the terms of the Indenture.



NYSERDA

KATHY HOCHUL
Governor

RICHARD L. KAUFFMAN
Chair

DOREEN M. HARRIS
President and CEO

NOTICE OF MEETING AND AGENDA

April 16, 2024

TO THE MEMBERS OF THE AUDIT AND FINANCE COMMITTEE:

PLEASE TAKE NOTICE that the one hundred fifty-sixth (156th) meeting of the AUDIT AND FINANCE COMMITTEE of the New York State Energy Research and Development Authority (the “Authority”) will be held at the NY Green Bank Office located at 1333 Broadway, Suite 300, New York, New York and at 17 Columbia Circle, Albany, New York on Wednesday, April 29, 2024, commencing at 10:00 a.m., for the following purposes:

1. To consider the Minutes of the 155th meeting held on January 24, 2024.
2. To receive the Annual Internal Audit Report and to consider and act upon a resolution approving an Internal Audit Plan for fiscal year 2024-2025.
3. To consider and act upon a resolution recommending approval of the issuance of bonds to finance the Green Jobs – Green New York Program.
4. To discuss the independent audit of the Authority’s and NY Green Bank’s financial statements and the Authority’s OPEB Trust for fiscal year 2023-2024.
5. To transact such other business as may properly come before the meeting.

Members of the public may attend the meeting at any of the above locations or via the video conference which can be accessed at <https://www.nyserda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.

The Authority will be posting a video and a transcript of the meeting to the web as soon as practicable after the meeting. The video and transcript will be posted at <http://www.nyserda.ny.gov/About/Board-Governance/Board-and-Committee-Meetings>.

Sara L. LeCain
Secretary to the Committee

New York State Energy Research and Development Authority

Albany
17 Columbia Circle, Albany, NY 12203-6399
(P) 1-866-NYSERDA | (F) 518-862-1091
nyserda.ny.gov | info@nyserda.ny.gov

Buffalo
726 Exchange Street
Suite 821
Buffalo, NY
14210-1484
(P) 716-842-1522
(F) 716-842-0156

New York City
1359 Broadway
19th Floor
New York, NY
10018-7842
(P) 212-971-5342
(F) 518-862-1091

**West Valley Site
Management Program**
9030-B Route 219
West Valley, NY
14171-9500
(P) 716-942-9960
(F) 716-942-9961